



SPOTLIGHT

A publication focusing on loss prevention information from the Risk Management Division of Washington State's Office of Financial Management

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Managing Risk In an Everyday Way

"Registered environmental assessor" is the title on Brian Riley's business card. However, this Division of Capitol Facilities (DCF) Manager at the Department of General Administration easily fits the title of "risk manager". In Mr. Riley's case, it means bringing the professional "risk manager" attitude and approach to managing a program. He works in the true spirit of "enterprise risk management". This is a fancy buzz word that simply means being proactive by weaving the management of risk into every aspect of agency or program operations.

Mr. Riley doesn't regard his risk management approach as special, unique, or extra work, but rather a necessary component for achieving top performance. It's an approach he brought to the environmental program when it was created in 1999 under the direction of DCF assistant director Bill Moore. At that time, environmental inspections revealed oversights that required immediate attention. Combining this immediate need with a long-held vision for a more coordinated and holistic approach to addressing an



(from the left):
Brian Riley, Bill Moore, Doug Woodbury, Pat Guffey

array of related environmental areas, Mr. Moore created the *environmental services team*. This team manages all the newer environmental safety areas such as hazardous spill response, indoor air quality, and waste management. They also manage the more traditional environmental risk areas such as life/safety and asbestos. "Bill Moore wanted to create a world class environmental organization for us," said Mr. Riley, referring to GA's current environmental assessment team. It wasn't long before the team had an opportunity to demonstrate the importance of assessing risk and planning for mitigation.

A routine inspection—NOT a crisis or incident—revealed there was considerable room for improving Capitol campus storage and emergency spill response procedures for the generator fuel tank area. Taking his routine risk assessment approach—"what can go wrong, and where"—Mr. Riley prepared for "worst case scenario" in this area by taking the following actions:

- ▶ Designating a small, select team of spill responders. A smaller team increases control and minimizes cost.

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PROOF OF INSURANCE FOR THE LEASE/PURCHASE PROGRAM

The Lease/Purchase Program was authorized by the Legislature in 1989. It provides for financing of both real property and personal property (real-estate and equipment) by state agencies through the use of financing contracts. Because real property/equipment provides collateral security for the lender/investors, proof of both *liability* and *property damage insurance* is required. The Office of Financial Management's Risk Management Division can assist agencies with lease/purchase insurance. Key points for insurance coverage of this program include:

- The state's Self-Insured Liability Program (SILP) provides *liability* coverage.
Note: Commercial liability coverage must be purchased for aircraft and certain vessels as SILP excludes liability coverage for these exposures.
- The state does not self-insure property damage. So, coverage options are:
(1) *leased equipment can be added to the state's commercial property policy* or (2) *the agency must agree to accept financial responsibility for any damage/destruction.*
Note: For option number two, the agency must either prepay the lease or replace the equipment with similar assets.

- The "Lease/Purchase Program Certificate of Insurance Request form can be obtained on-line at: <http://www.ofm.wa.gov/rmd/forms/CerInsForm2.htm>.
Note: Under Proof of Insurance, indicate whether equipment is to be added to the commercial insurance policy or the agency prefers to retain financial responsibility.



Managing Risk In an Everyday Way (cont. from page 1)

- ▶ Providing adequate training to increase response effectiveness and protect the team members' personal safety and health.
- ▶ Creating a 37-page plan with well-developed contingencies in staffing and response protocol.
- ▶ *Implementing the plan* into actual operation (training, discussion, and practice) to take it beyond the typical "safety plan on the shelf" scenario. Mr. Riley is adamant that emergency response effectiveness can only be achieved when plans are well implemented.
- ▶ Identifying and procuring needed spill response and containment equipment prior to the incident. This included having site-available spare tanks to redirect spilled product into as quickly as possible.
- ▶ Identifying the need for and designing physical safety barriers and improvements such as installing primary spill troughs near the tanks. Often, primary spill prevention measures negate the need for the more intensive secondary response measures—especially where the spill potential is smaller.

Then on the evening of June 20, 2003, Mr. Riley got the call he had planned for, but hoped he would never get. GA crews were operating the power generating plant for an agency to provide primary electrical power to support contractors that were performing routine maintenance on the uninterrupted power supply system. At approximately 8:30 p.m. during a walk-through, fuel was observed flowing from the fuel day tank that serves the generator. The engine generator and other related equipment were secured and the tank isolated for inspection. Mr. Riley and his team arrived from home to assess the situation, and determined spill response was needed.

The process took several hours. Approximately 350 gallons of product was immediately secured and safely disposed of. An investigation revealed that a burned resistor on the circuit board and a malfunctioning fuel lever controller on the fuel tank contributed to the system failure. The power generating plant stayed on-line with the remaining two generators, and the response was completed. System repairs were made with 48 hours, and the system remained in-service. The quick response also prevented a possible fire, which could have potentially created untold loss to the facility.

Mr. Riley modestly downplays his role in mitigating the loss associated with this incident. He said, "I am only a tool that management invested in and chose to use to address this incident. The system worked because management was willing to look at potential risk, recognized that risk existed, and provided the necessary resources to address it proactively."



Pat Guffey, Brian Riley, Doug Woodbury

If the scope of incident response needed is beyond the resources or capabilities of Mr. Riley's team, it still plays a vital role. The team is prepared to help identify and then coordinate with appropriate mitigation specialists brought in to address the environmental incident. This capability not only affords quicker response time, but also eliminates the need to have a response contractor on retainer. A typical retained contractor can cost up to \$20,000 a year—a cost which Mr. Riley quickly points out is paid whether the contractor ever responds to an incident or not. The Dolliver Building (Olympia) flooding incident is an example where Mr. Riley's team was instrumental and effective in coordinating with other mediation experts to expedite clean up to and minimize business interruption and other potential loss.

One of Mr. Riley's current projects is to set up a statewide system to coordinate management of connexes (the large steel containers that house emergency preparedness supplies). Quick identification of supplies will assist in disaster recovery—especially if a segment of the state is particularly hard-hit by a disaster. Whatever the project, Mr. Riley's team continues to play their risk management role of planning for and being ready to respond to the unexpected.

BOILER & MACHINERY INSPECTION & INSURANCE TRAINING

Mark your calendars now of an upcoming Risk Management Division training opportunity tentatively set for September 29, 2005 from 8:00 a.m. to 11:00 a.m.

Hartford Steam & Boiler will join the Risk Management Division in addressing boiler and machinery insurance coverage and inspection services.



Watch Spotlight and Highlights for registration details.

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FAST FACT

Risk Management regulates local government self-insurance programs for liability, property, and employee health benefits with yearly annual revenue exceeding \$600 million dollars.